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**TOWN OF JACKSON, LOUISIANA**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2004**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/11/05



**TOWN OF JACKSON, LOUISIANA**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2004**

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## Postlethwaite & Netterville

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### INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
of the Board of Aldermen  
Town of Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson (the Town), as of and for the year ended September 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*; Statement No. 37, *Basic Financial Statements—For State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information on pages 5 through 11 and pages 35 through 39, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion to it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2005 on our consideration of the Town of Jackson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information and statistical data on pages 40 through 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information presented on pages 40 through 42 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical data presented on pages 43 through 45 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*For the firm: [Signature]*

Baton Rouge, Louisiana  
January 31, 2005



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS**  
**AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**BASED ON AN AUDIT OF FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members  
of the Board of Aldermen  
Town of Jackson, Louisiana

We have audited the basic financial statements of the Town of Jackson, Louisiana, as of and for the year ended September 30, 2004, and have issued our report thereon dated January 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the Town of Jackson's financial statements were free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2004-2 and 2004-3.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Jackson's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the lack of segregation of duties described in the accompanying schedule of findings and questioned costs is a material weakness.

This report is intended for the information of the Board of Aldermen, management of the Town of Jackson, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Robert H. Smith, Jr. : New Orleans*

Baton Rouge, Louisiana  
January 31, 2005

## TOWN OF JACKSON, LOUISIANA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2004

This section of the Town of Jackson, Louisiana's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2004. Please read it in conjunction with the Town's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The Town's combined total net assets decreased slightly by \$40,894 or 1.26% over the course of this year's operations. Net assets of our governmental activities increased approximately \$50,083 (or 4.20%) while those of our business-type activities decreased \$90,976 (or 4.42%).
- The overall decrease in net assets were a result of operating, depreciation and other expenses exceeding revenues from utility fees, taxes, franchise fees and other revenues.
- The general fund ended the year with a \$6,207 fund balance, \$506 of which is unreserved and available for spending.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide long-term and short-term information about the Town's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2004**

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expense, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

## **TOWN OF JACKSON, LOUISIANA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2004**

#### **Government-wide Statements**

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads and utilities infrastructure.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water, gas and sewer systems are included here.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, while others may be required by bond covenants.

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2004**

The Town has two kinds of funds:

- **Governmental funds** - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds** - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

	<b>Table A-1</b>	
	<b>Town's Net Assets</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
	<b>2004</b>	<b>2004</b>
Current and other assets	\$ 178,295	\$ 650,202
Capital assets	830,984	2,132,350
<b>Total assets</b>	<b>1,009,279</b>	<b>2,782,552</b>
Current liabilities	(233,343)	339,926
Long term Liabilities	-	474,710
<b>Total liabilities</b>	<b>(233,343)</b>	<b>814,636</b>
Net assets		
Invested in capital assets, net of related debt	830,984	1,650,051
Restricted funds	405,432	491,450
Unrestricted (deficit)	6,207	(173,585)
<b>Total net assets</b>	<b>\$1,242,623</b>	<b>\$1,967,916</b>

Net assets of the Town's governmental activities increased 4.2 percent to approximately \$1.24 million. Net assets of the Town's business-type activities decreased 4.4 percent to approximately \$1.96 million.

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2004**

**Changes in net assets.** The Town's total change in net assets was approximately \$(40,984); \$50,083 from governmental activities and (\$90,976) from business-type activities. The changes in net assets results from those activities' revenues exceeding (or falling short) of expenses. Table A-2 shows the composition of revenues and summarizes the expenses by function or service area.

	<b>Table A-2</b>	
	<b>Changes in Town's Net Assets</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
	<b>2004</b>	<b>2004</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 63,040	\$ 736,356
Operating grants	61,300	-
General revenues		
Taxes	213,897	-
Licenses and permits	68,854	-
Miscellaneous	132,282	7,832
<b>Total revenues</b>	<b>539,373</b>	<b>744,188</b>
<b>Expenses</b>		
General government	253,808	-
Public safety	357,232	-
Recreation	13,251	-
Services - Utilities	-	700,165
<b>Total expenses</b>	<b>624,291</b>	<b>700,165</b>
Transfers	135,000	(135,000)
<b>Increase (decrease) in net assets</b>	<b>\$ 50,083</b>	<b>\$(90,976)</b>

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2004**

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of \$411,639, consisting of \$6,207 in the general fund and \$405,432 in the special revenue fund. Of the \$6,207 in the general fund, \$546 is unreserved and available for spending. Of the \$405,432 in the special revenue fund, \$122,340 is unreserved and available for spending.

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Alderman revised the Town budget. These budget amendments resulted from:

- Receipt of grant funds for purchasing equipment for the police department.
- An increase in the level of funds transferred from the utility enterprise fund.

Under the revised budget, the general fund operated at a net deficit of \$3,486, which was \$12,730 more favorable than the originally budgeted deficit of \$16,216.

**CAPITAL ASSETS**

At the end of October, 2004, the Town had invested approximately \$3 million in a broad range of capital assets, including police and fire equipment, buildings, vehicles, and water and sewer systems. See Table A-3. This amount represents a net increase (including additions and deductions) of approximately \$72,266, or 2.5 percent over last year.

		Table A-3 Town's Capital Assets (net of depreciation)							
		Governmental Activities					Business Activities		
		2004		2003		2004		2003	
Land		\$ 26,000		\$ 26,000		\$ 18,300		\$ 18,300	
Buildings		128,100		136,000		27,979		30,073	
Other Improvements		423,252		198,308		2,069,652		2,213,102	
Equipment		253,632		245,074		16,419		24,211	
Total		\$ 830,984		\$ 605,382		\$ 2,132,350		\$ 2,285,686	

This year's major capital asset addition included:

- Roadway improvements totaling \$253,134
- Ballfield improvements costing \$16,900
- Truck for the fire department costing \$25,000

**TOWN OF JACKSON, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2004**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's major sources of revenue for the general fund are property taxes, utility franchise fees, licenses and permits, and fines. The economy is not expected to generate any significant growth and therefore the 2004-2005 budget does not reflect much growth in revenues. All expenditures are expected to be consistent with the current year. Utility rates will remain unchanged and therefore service fee revenue should remain constant.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's mayor, Charles Coleman, 1610 Charter Street, Jackson, LA 70748 – (225) 634-7777.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2004**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 84,105	\$ 570,269	\$ 654,374
Certificates of deposit	39,913	-	39,913
Property tax receivable	6,674	-	6,674
Accounts and other receivable (net)	31,793	78,158	109,951
Due from other governmental agencies	15,594	-	15,594
Accrued interest receivable	217	1,774	1,991
Capital assets:			
Land	26,000	18,300	44,300
Other capital assets, net of depreciation	804,984	2,114,050	2,919,034
TOTAL ASSETS	<u>1,009,279</u>	<u>2,782,552</u>	<u>3,791,831</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	36,668	-	36,668
Accrued liabilities	18,741	-	18,741
Internal balances	(288,753)	288,753	-
Accrued interest payable	-	7,588	7,588
Customer service meter deposits	-	43,585	43,585
Long-term liabilities:			
Due within one year	-	157,357	157,357
Due in more than one year	-	317,353	317,353
TOTAL LIABILITIES	<u>(233,343)</u>	<u>814,636</u>	<u>581,292</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	830,984	1,650,051	2,481,035
Restricted for:			
Streets and sidewalks	405,432	-	405,432
Bond debt service	-	453,255	453,255
Customer deposits	-	38,195	38,195
Unrestricted	6,207	(173,585)	(167,379)
TOTAL NET ASSETS	<u>\$ 1,242,623</u>	<u>\$ 1,967,916</u>	<u>\$ 3,210,538</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Expenses	Program Revenues Fees, Fines, and Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities	Business-Type Activities	Total
<b>Governmental:</b>						
General government	\$ 253,808	\$ -	\$ -	\$ (253,808)	\$ -	\$ (253,808)
Public safety	357,232	63,040	61,300	(232,892)	-	(232,892)
Recreation	13,251			(13,251)	-	(13,251)
Total governmental activities	624,291	63,040	61,300	(499,951)	-	(499,951)
<b>Business-type:</b>						
Utilities - Gas	302,373	369,571	-	-	67,198	67,198
Utilities - Water	189,148	193,213	-	-	4,065	4,065
Utilities - Sewer	208,644	173,572	-	-	(35,072)	(35,072)
Total business-type activities	700,165	736,356	-	-	36,191	36,191
Total Town of Jackson	<u>\$ 1,324,456</u>	<u>\$ 799,396</u>	<u>\$ 61,300</u>	<u>\$ (499,951)</u>	<u>\$ 36,191</u>	<u>\$ (463,760)</u>
General Revenues:						
Taxes				213,897	-	213,897
Licenses and permits				68,854	-	68,854
Intergovernmental				10,139	-	10,139
Interest				1,739	7,832	9,571
Other				120,404	-	120,404
Intergovernmental transfers				135,000	(135,000)	-
Total general revenues				<u>550,034</u>	<u>(127,168)</u>	<u>422,866</u>
Change in net assets				50,083	(90,976)	(40,894)
Net assets - September 30, 2003				<u>1,192,540</u>	<u>2,058,892</u>	<u>3,251,432</u>
Net assets - September 30, 2004				<u>\$ 1,242,623</u>	<u>\$ 1,967,916</u>	<u>\$ 3,210,538</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2004**

	General Fund	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash	\$ 12,568	\$ 71,537	\$ 84,105
Certificates of deposit	4,912	35,001	39,913
Property taxes receivable	6,674	-	6,674
Other accounts receivable	31,793	-	31,793
Due from other governmental agencies	-	15,594	15,594
Due from other funds	103,023	283,092	386,115
Accrued interest receivable	8	209	217
	<u>158,978</u>	<u>405,432</u>	<u>564,410</u>
<b>TOTAL ASSETS</b>			
	<u>158,978</u>	<u>405,432</u>	<u>564,410</u>
<b>LIABILITIES</b>			
Accounts payable	36,668	-	36,668
Accrued liabilities	18,741	-	18,741
Due to other funds	97,362	-	97,362
	<u>152,771</u>	<u>-</u>	<u>152,771</u>
<b>FUND BALANCES</b>			
Reserved - net advances to\from other funds	5,661	283,092	288,753
Unreserved	546	122,340	122,886
	<u>6,207</u>	<u>405,432</u>	<u>411,639</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 158,978</u>	<u>\$ 405,432</u>	<u>\$ 564,410</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2004**

Total fund balances - Governmental Funds		\$ 411,639
Cost of capital assets at September 30, 2004	1,662,208	
Less: accumulated depreciation as of September 30, 2004	<u>(831,224)</u>	<u>830,984</u>
Total net assets at September 30, 2004 - Governmental Activities		<u>\$ 1,242,623</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	General	Special Revenue	Total
<b><u>REVENUES</u></b>			
Taxes	\$ 40,879	\$ 173,018	\$ 213,897
Licenses and permits	68,854	-	68,854
Intergovernmental revenues	10,139	-	10,139
Fines and forfeitures	46,094	-	46,094
Interest	63	1,676	1,739
Other revenue	198,650	-	198,650
Total revenues	<u>364,680</u>	<u>174,694</u>	<u>539,374</u>
<b><u>EXPENDITURES</u></b>			
General government	123,361	346,727	470,088
Public safety	353,263	-	353,263
Recreation	26,542	-	26,542
Total expenditures	<u>503,166</u>	<u>346,727</u>	<u>849,893</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(138,486)	(172,033)	(310,519)
<b><u>OTHER FINANCING SOURCES</u></b>			
Operating transfers in	135,000	-	135,000
Total other financing sources	<u>135,000</u>	<u>-</u>	<u>135,000</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	(3,486)	(172,033)	(175,519)
<b><u>FUND BALANCES</u></b>			
Beginning of year	9,693	577,465	587,158
End of year	<u>\$ 6,207</u>	<u>\$ 405,432</u>	<u>\$ 411,639</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2004**

Net change in fund balances - governmental funds	\$ (175,519)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Add: Capital outlay which is considered expenditures	304,849
Less: Depreciation expense for year ended June 30, 2004	<u>(79,246)</u>
Change in net assets of governmental activities	<u>\$ 50,084</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**BALANCE SHEET**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2004**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 35,234
Accounts receivable (net)	78,158
Accrued interest receivable	1,775
Total current assets	<u>115,168</u>

**RESTRICTED ASSETS**

Cash and certificates of deposit -	
Revenue bond debt service	453,255
Customers' service meter deposits	81,780
Total restricted assets	<u>535,035</u>

**PROPERTY, PLANT, AND EQUIPMENT**

Land	18,300
Buildings	70,909
Improvements and infrastructure	4,051,122
Equipment	101,911
	<u>4,242,242</u>
Less: allowance for depreciation	(2,109,893)
Net property, plant, and equipment	<u>2,132,349</u>
Total assets	<u>\$ 2,782,552</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Notes payable due within one year	\$ 146,422
Public utility revenue bond payable due within one year	10,936
Accrued interest payable	7,588
Customers' service meter deposits	43,585
Due to other funds	288,753
Total current liabilities	<u>497,283</u>

**LONG-TERM LIABILITIES**

Public utility revenue bond payable - due after one year	208,833
Other liabilities	108,520
Total long-term liabilities	<u>317,353</u>
Total Liabilities	<u>814,636</u>

**NET ASSETS**

Invested in capital assets, net of related debt	1,650,051
Restricted for debt service	453,255
Restricted - customer deposits	38,195
Unrestricted	(173,585)
Total Net Assets	<u>1,967,916</u>

Total Liabilities and Net Assets	<u>\$ 2,782,552</u>
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The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**OPERATING REVENUES**

Gas sales	\$ 361,968
Water sales	185,611
Sewerage sales	165,970
Penalties and service charges	22,807
Total operating revenues	<u>736,356</u>

**OPERATING EXPENSES**

Salaries	113,129
Wages	74,599
Audit and accounting	7,650
Depreciation	160,394
Electricity	22,636
Employees' retirement expense	20,858
Engineering fees	3,625
Gas purchases	161,962
Insurance	31,646
Legal	1,350
Maintenance, repairs, and supplies	51,905
Miscellaneous	2,027
Printing, stationery, and supplies	9,584
Payroll taxes	1,252
Water pumpage charge	271
Truck expense	14,427
Utilities	4,012
Total operating expenses	<u>681,327</u>

**INCOME FROM OPERATIONS**

55,029

**NON-OPERATING REVENUES (EXPENSES)**

Interest revenues	7,832
Interest expense	(18,838)
Operating transfers out	(135,000)
Total non-operating revenues (expenses)	<u>(146,006)</u>

**CHANGE IN NET ASSETS**

(90,976)

Net assets - beginning of year	<u>2,058,892</u>
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Net assets - end of year	<u>\$ 1,967,916</u>
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The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 779,067
Cash paid to suppliers for goods and services	(408,846)
Cash paid to employees for services	(113,129)
Net cash provided by operating activities	<u>257,092</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Transfers to the general fund	<u>(135,000)</u>
Net cash used in non-capital financing activities	<u>(135,000)</u>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES:**

Acquisition and construction of capital assets	(7,058)
Principal repayments of notes payable	(75,435)
Principal paid on revenue bonds	(10,625)
Interest paid on revenue bonds and notes	(18,838)
Net cash used in capital and related financing activities	<u>(111,956)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned on investments	<u>7,832</u>
Net cash provided by investing activities	<u>7,832</u>

Net increase in cash and cash equivalents	17,968
Cash and cash equivalents - beginning of year	<u>552,301</u>
Cash and cash equivalents - end of year	<u>\$ 570,269</u>
Cash shown on balance sheet under:	
Current assets	35,234
Restricted Assets	<u>535,035</u>
	<u>\$ 570,269</u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**RECONCILIATION OF INCOME FROM OPERATIONS**  
**TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Income from operations	55,029
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	160,394
Net change in assets and liabilities:	
Accounts receivable	8,689
Accrued revenues	105
Customer service meter deposits	2,435
Other liabilities	(1,041)
Due to other funds	31,482
Total adjustments	<u>202,063</u>
Net cash provided by operating activities	<u><u>257,092</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies**

The Town of Jackson, Louisiana (the Town) was incorporated on April 2, 1832, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, recreation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Jackson conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices:

**Financial reporting entity**

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any components units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

**Basis of Presentation, Basis of Accounting**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the Town of Jackson as a whole entity. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Special Revenue Fund - This fund accounts for the collection and expenditure of the sales tax received from the East Feliciana Police Jury whose use is restricted to streets and sidewalks within the Town.

The Town reports the following major enterprise fund:

Public Utilities Fund – As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Measurement Focus, Basis of Accounting**

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**Budgets and budgetary accounting**

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with generally accepted accounting principles (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.
8. The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted.

**Capital Assets**

Depreciation of all exhaustible capital assets is charged as an expense against its operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	25 years
Gas plant and structures	25 years
Office equipment	5-10 years
Automotive equipment	3-7 years
Street improvements	10 years
Buildings	40 years

All capital assets are stated at historical cost.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies (continued)**

**Cash and investments**

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Accounts receivable**

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for bad debts account at the time information becomes available which indicates the uncollectibility of the particular receivable.

**Accumulated unpaid vacation**

Employees earn vacation and sick leave at various rates depending upon length of their employment.

**Transfers in and out**

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

**Statements of cash flows**

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

**Encumbrances**

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**2. Capital Assets**

Capital assets and depreciation activity as of and for the year ended September 30, 2004, are as follows:

Governmental activities:

	<u>Land</u>	<u>Buildings</u>	<u>Streets and Sidewalks</u>	<u>Equipment</u>	<u>Total</u>
Cost at September 30, 2003 (as reported in the general fixed asset account group)	\$ 26,000	\$ 308,789	\$ 262,385	\$ 760,185	\$ 1,357,359
Additions	-	-	253,134	51,715	304,849
Deletions	-	-	-	-	-
Cost of Capital Assets September 30, 2004	<u>26,000</u>	<u>308,789</u>	<u>515,519</u>	<u>811,900</u>	<u>1,662,208</u>
Accumulated depreciation September 30, 2003	-	172,789	64,077	515,111	751,977
Additions	-	7,900	28,190	43,157	79,247
Deletions	-	-	-	-	-
Accumulated depreciation September 30, 2004	<u>-</u>	<u>180,689</u>	<u>92,267</u>	<u>558,268</u>	<u>831,224</u>
Capital assets, net of accumulated depreciation at September 30, 2004	<u>\$ 26,000</u>	<u>\$ 128,100</u>	<u>\$ 423,252</u>	<u>\$ 253,632</u>	<u>\$ 830,984</u>

Depreciation expense for the year ended September 30, 2004 was charged to the following governmental functions:

General government	46,669
Public safety	28,969
Recreation	<u>3,609</u>
	<u>79,247</u>

**TOWN OF JACKSON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

2. **Capital Assets** (continued)

Business-Type activities:

	<u>Land</u>	<u>Buildings</u>	<u>Improvements &amp; Infrastructure</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets at September 30, 2003	\$ 18,300	\$ 70,909	\$ 4,044,065	\$ 101,911	\$ 4,235,185
Additions		-	7,058	-	7,058
Deletions					
Cost of Capital Assets at September 30, 2004	<u>18,300</u>	<u>70,909</u>	<u>4,051,123</u>	<u>101,911</u>	<u>4,242,243</u>
Accumulated Depreciation at September 30, 2003	-	40,836	1,830,963	77,700	1,949,499
Additions		2,094	150,508	7,792	160,394
Deletions					
Accumulated Depreciation at September 30, 2004	<u>-</u>	<u>42,930</u>	<u>1,981,471</u>	<u>85,492</u>	<u>2,109,893</u>
Capital assets, net of accumulated depreciation at September 30, 2004	<u>\$ 18,300</u>	<u>\$ 27,979</u>	<u>\$ 2,069,652</u>	<u>\$ 16,419</u>	<u>\$ 2,132,350</u>

In accordance with Financial Accounting Standards Board Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, the Town capitalizes interest in connection with construction in progress. No interest was capitalized during the year ended September 30, 2004.

# TOWN OF JACKSON, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

### 3. Long-term obligations

#### Business Type Activities:

	Balance 9/30/03	Additions	Retirements	Balance 9/30/04	Principal Due Within One Year
1979 water system revenue bonds	\$ 230,394	\$ -	\$ 10,625	\$ 219,769	\$ 10,936
Notes payable-water system	221,858	-	75,436	146,422	146,122
Amounts due to Louisiana					
Dept. of Transportation	108,520	-	-	108,520	-
	<u>\$ 560,772</u>	<u>\$ -</u>	<u>\$ 86,061</u>	<u>\$ 474,711</u>	<u>\$ 157,058</u>

During the year ended September 30, 1980, the Town issued \$373,000 of bonds in order to finance the upgrade and expansion of its water system. These bonds, which were dated January 18, 1979, are due in annual installments of \$21,924, including interest at 5.00%, through January 21, 2019.

The annual requirements to amortize all of the outstanding water system revenue bonds as of September 30, 2004, including interest payments of \$92,887 are as follows:

Year ending September 30,	Interest	Principal	Total Amount
2005	\$ 10,988	\$ 10,936	\$ 21,924
2006	10,442	11,482	21,924
2007	9,868	12,056	21,924
2008	9,264	12,660	21,924
2009	8,632	13,292	21,924
2010-2014	32,500	77,120	109,620
2015-2019	11,193	82,223	93,416
	<u>\$ 92,887</u>	<u>\$ 219,769</u>	<u>\$ 312,656</u>

As part of the Bond agreement with Rural Economic and Community Development, the Town has agreed to comply with certain covenants. These consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements. The Town complied with these covenants during the year ended September 30, 2004.

Notes payable are as follows:

	2004	2003
Demand note, with a variable interest rate, secured by certificates of deposit	\$ 104,565	\$ 128,711
Note payable, bearing interest at 4.958%, due in monthly installment of \$4,235, through July 2005, secured by certificates of deposit	41,857	93,147
	<u>\$ 146,422</u>	<u>\$ 221,858</u>

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 3. Long-term obligations (continued)

The annual requirements to amortize all of the outstanding notes payable as of September 30, 2004, including interest payments of \$7,140 are as follows:

<u>Year ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Amount</u>
2005	\$ 3,457	\$ 65,182	\$ 68,639
2006	1,863	23,950	25,813
2007	1,221	24,592	25,813
2008	561	25,252	25,813
2009	37	7,446	7,483
	<u>\$ 7,139</u>	<u>\$ 146,422</u>	<u>\$ 153,561</u>

#### 4. Ad valorem taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28<sup>th</sup> of each year. Taxes are levied and are actually billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 2<sup>nd</sup> of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of East Feliciana Parish. During the year ended September 30, 2004, taxes of 6.19 mills were levied on property with assessed valuations totaling \$6,604,100 and were dedicated for general purposes.

Ad valorem taxes levied during the year ended September 30, 2004 totaled approximately \$40,879, and \$6,674 was still uncollected at September 30, 2004.

#### 5. Interfund receivables and payables

Interfund receivables and payables at September 30, 2004, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 103,023	\$ 97,362
Proprietary fund	-	288,753
Special Revenue fund	283,092	-
	<u>\$ 386,115</u>	<u>\$ 386,115</u>

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 6. Defined benefit pension plan

Substantially all employees of the Town of Jackson are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

##### a. Municipal Employees Retirement System of Louisiana (the System)

*Plan description* - the system is composed of two distinct plans, Plan A and Plan B, which have separate assets and benefit provisions. All employees of the Town are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and who are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding policy* - under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year ranged from 8.00 to 15.00 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson's contributions to the System under Plan A during the years ending September 30, 2004, 2003, and 2002 were \$31,879, \$22,908, and \$18,428, respectively, equal to the required contributions for these years.

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### 6. Defined benefit pension plan (continued)

##### b. Municipal Police Employees Retirement System of Louisiana (the System)

**Plan description** - all full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8550 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

**Funding policy** - plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year ranged from 14.00 to 21.50 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson contributions to the System during the years ending September 30, 2004, 2003, and 2002 were \$15,014, \$12,683, and \$8,829, , respectively, equal to the required contributions for these years.

#### 7. Segments of enterprise activities

Gas, water, and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended September 30, 2004, for these three services are as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 369,571	\$ 193,213	\$ 173,572	\$ 736,356
Operating expenses	287,163	120,040	113,731	520,934
Depreciation	15,210	50,270	94,913	160,393
Income (loss) from operations	67,198	22,903	( 35,072)	55,029
Change in net assets	( 64,163)	8,063	( 34,877)	( 90,976)
Property, plant and equipment additions	2,050	2,615	2,392	7,057
Revenue bonds and notes payable	-	366,192	-	366,192

## **TOWN OF JACKSON, LOUISIANA**

### **NOTES TO FINANCIAL STATEMENTS**

#### **8. Restricted assets**

In accordance with the indenture governing the public utility revenue bonds, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the public utility fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the following requirements:

- (1) The "utility system revenue bond and interest sinking fund" requires that sufficient cash be accumulated to meet the annual installment of bond principal and interest which becomes due on January 18<sup>th</sup> of each year. The required funds for the years ended September 30, 2004 and 2003, were deposited timely.
- (2) The "utility system revenue bond reserve fund" is supplemental to the account referred to in (1) above. The minimum balance to be maintained in this account is 20% of the amounts obligated to be deposited into the sinking fund and shall continue monthly until there is on deposit a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year, according to the bond agreement. The Town has been making monthly deposits into this account in accordance with the FmHA's letter of conditions.
- (3) The "depreciation and contingency fund" requires a minimum balance of \$5,000. The Town has also been making the required deposits into this account.

The FmHA has agreed to the terms stated in its letter of conditions addressed to the Town dated August 25, 1978. The Town has complied with these conditions.

#### **9. Due from other governmental agencies**

Amounts due from other governmental agencies at September 30, 2004, consisted of \$27,367 due from the East Feliciana Parish Police Jury for sales taxes.

#### **10. Restricted revenues**

##### **Streets and sidewalks special revenue fund**

The Town receives 14.6863% of East Feliciana Parish's sales tax collections for sales occurring within its Town boundaries. These proceeds are restricted to the general maintenance and repairs of streets and sidewalks in the Town of Jackson. The Town recognized \$173,018 of sales tax proceeds during the year ended September 30, 2004.

## TOWN OF JACKSON, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### **11. Cash and investments**

At September 30, 2004, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$	350
Demand deposit accounts / savings accounts		654,024
Certificates of deposit		<u>39,913</u>
	\$	<u>694,287</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. At September 30, 2004, the Town had \$722,803 in deposits (collected bank balances). Of these bank balances, \$172,600 was covered by federal depository insurance, and \$550,203 was secured by collateral owned by the fiscal agent bank's agent in the name of the Town of Jackson. (GASB Category 2)

#### **12. Excess of Expenses over Appropriations in Individual Funds**

Expenditures/expenses exceeded appropriations by \$42,400 in the General Fund, by \$211,727 in the Special Revenue fund and by \$8,245 in the Public Utility Fund during the year ended September 30, 2004.

#### **13. Change in Accounting Principles**

For the year ended September 30, 2004, the Town has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement 34 creates new basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at September 30, 2004 to be restated in terms of Net Assets as follows:

Governmental Funds' Fund Balance, September 30, 2003		\$587,158
Add: Capital Assets as of September 30, 2003:		
Cost	\$	1,357,359
Accumulated Depreciation	(	<u>751,977)</u>
		605,382
Net Assets at September 30, 2003		<u>\$ 1,192,540</u>

**REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**

**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$ 35,000	\$ 35,000	40,879	\$ 5,879
Licenses and permits	75,000	70,000	68,854	(1,146)
Intergovernmental revenues:				
Beer taxes	7,000	7,000	4,911	(2,089)
State revenue sharing	7,500	7,500	5,228	(2,272)
Fines and forfeitures	40,000	40,000	46,094	6,094
Other	176,450	212,250	198,713	(13,537)
Total revenues	<u>340,950</u>	<u>371,750</u>	<u>364,680</u>	<u>(7,070)</u>
<b><u>EXPENDITURES</u></b>				
Current operating expenditures:				
General government	136,698	127,098	123,361	3,737
Public safety	319,768	365,968	353,263	12,705
Recreation	5,700	21,650	26,542	(4,892)
Total expenditures	<u>462,166</u>	<u>514,716</u>	<u>503,166</u>	<u>11,550</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(121,216)	(142,966)	(138,486)	4,480
<b><u>OTHER FINANCING SOURCES</u></b>				
Operating transfers in	105,000	135,000	135,000	-
Total other financing sources	<u>105,000</u>	<u>135,000</u>	<u>135,000</u>	<u>-</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	(16,216)	(7,966)	(3,486)	4,480
<b><u>FUND BALANCE</u></b>				
Beginning of year	18,216	9,693	9,693	-
End of year	<u>\$ 2,000</u>	<u>\$ 1,727</u>	<u>6,207</u>	<u>\$ 4,480</u>

**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF OTHER REVENUE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>OTHER REVENUE</u></b>				
Utility franchise fees	\$ 125,000	\$ 115,000	\$ 94,379	\$ (20,621)
Interest revenues	150	150	63	(87)
Cablevision fees	4,300	4,300	4,630	330
Mosquito spraying	-	-	3,015	3,015
Miscellaneous	47,000	92,800	96,626	3,826
Total other revenue	<u>\$ 176,450</u>	<u>\$ 212,250</u>	<u>\$ 198,713</u>	<u>\$ (13,537)</u>

**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>GENERAL GOVERNMENT</u></b>				
Legal	\$ -	\$ -	\$ 1,350	\$ (1,350)
Salaries	23,858	23,858	23,566	292
Audit and accounting fees	5,500	5,500	5,000	500
Engineering fees	4,000	3,000	2,613	387
Electricity	27,000	27,000	30,266	(3,266)
Insurance	35,000	25,000	11,025	13,975
Health Insurance	3,000	3,000	3,747	(747)
Coroner's fees	1,500	1,500	2,100	(600)
Garbage disposal	3,000	3,000	3,562	(562)
Supplies and maintenance	3,000	3,000	7,867	(4,867)
Miscellaneous	12,000	13,000	16,688	(3,688)
Retirement	4,600	5,400	9,581	(4,181)
Office supplies and printing	5,000	5,500	-	5,500
Truck and tractor expenses	1,500	1,500	252	1,248
Telephone	3,500	3,500	3,906	(406)
Wages	1,740	1,740	852	888
Payroll taxes	1,000	1,000	986	14
Dog pound expense	1,000	600	-	600
Cost of fixed assets	500	-	-	-
Total general government	<u>\$ 136,698</u>	<u>\$ 127,098</u>	<u>\$ 123,361</u>	<u>\$ 3,737</u>

**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PUBLIC SAFETY</u></b>				
Police:				
Salaries	\$ 178,700	\$ 178,700	\$ 179,665	\$ (965)
Capital outlay	2,500	2,500	-	2,500
Miscellaneous	3,500	14,500	4,912	9,588
Retirement expense	20,800	20,800	13,438	7,362
Office supplies	1,800	1,800	-	1,800
Vehicle expense	13,000	13,000	14,735	(1,735)
Uniforms	500	500	441	59
Insurance	39,000	42,000	39,399	2,601
Supplies and maintenance	4,000	8,500	11,390	(2,890)
Telephone	4,000	3,000	2,619	381
Electricity	4,000	4,000	4,392	(392)
Utilities	1,180	1,280	1,318	(38)
Payroll taxes	6,000	7,000	8,713	(1,713)
Fine collection fees	2,000	2,000	1,809	191
Total police	280,980	299,580	282,831	16,749
Fire:				
Jackson volunteer fire department	6,000	6,000	5,700	300
Insurance	150	3,250	5,396	(2,146)
Electricity	2,200	2,200	3,409	(1,209)
Telephone	1,500	1,000	747	253
Vehicle expense	3,000	3,000	5,585	(2,585)
Salaries	16,758	16,758	16,202	556
Supplies and maintenance	7,000	7,000	6,174	826
Capital outlay	-	25,000	25,000	-
Utilities	2,180	2,180	2,219	(39)
Total fire	38,788	66,388	70,432	(4,044)
Total public safety	319,768	365,968	353,263	12,705
<b><u>RECREATION</u></b>				
Recreation department	5,700	21,650	26,542	(4,892)
Total recreation	\$ 5,700	\$ 21,650	\$ 26,542	\$ (4,892)

**TOWN OF JACKSON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2004**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Taxes	\$ 145,000	\$ 145,000	\$ 173,018	\$ 28,018
Interest revenue	6,700	6,700	1,676	(5,024)
Total revenues	<u>151,700</u>	<u>151,700</u>	<u>174,694</u>	<u>22,993</u>
<b><u>EXPENDITURES</u></b>				
Current operating expenditures:				
General government	<u>145,000</u>	<u>145,000</u>	<u>346,727</u>	<u>(201,727)</u>
Total expenditures	<u>145,000</u>	<u>145,000</u>	<u>346,727</u>	<u>(201,727)</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	6,700	6,700	(172,033)	(178,733)
<b><u>FUND BALANCE</u></b>				
Beginning of year	<u>577,465</u>	<u>577,465</u>	<u>577,465</u>	<u>-</u>
End of year	<u>\$ 584,165</u>	<u>\$ 584,165</u>	<u>\$ 405,432</u>	<u>\$ (178,733)</u>

**TOWN OF JACKSON, LOUISIANA**  
**STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY - BUDGET (GAAP BASIS) AND ACTUAL**  
**ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Gas</u>	<u>Water</u>	<u>Sewerage</u>	<u>Actual Total</u>	<u>Budget Total</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>OPERATING REVENUES</u></b>						
Sales	\$361,968	\$185,611	\$ 165,970	\$ 713,549	\$ 690,000	\$ 23,549
Penalties and service charges	7,602	7,602	7,602	22,807	20,350	2,457
Total operating revenues	<u>369,571</u>	<u>193,213</u>	<u>173,572</u>	<u>736,356</u>	<u>710,350</u>	<u>26,006</u>
<b><u>OPERATING EXPENSES</u></b>						
Salaries	67,463	23,576	22,090	113,129	102,811	(10,318)
Wages	13,712	10,408	50,479	74,599	70,000	(4,599)
Audit and accounting	7,650	-	-	7,650	6,000	(1,650)
Depreciation	15,210	50,270	94,913	160,394	139,000	(21,394)
Electricity	9,616	8,791	4,229	22,636	25,000	2,364
Employees' retirement expense	5,314	4,543	11,000	20,858	14,420	(6,438)
Engineering fees	-	3,586	39	3,625	10,000	6,375
Gas purchases	161,962	-	-	161,962	175,000	13,038
Insurance	7,078	17,005	7,563	31,646	50,000	18,354
Legal	450	450	450	1,350	1,350	-
Maintenance, repairs, supplies	4,724	36,219	10,962	51,905	50,000	(1,905)
Miscellaneous	(1,665)	2,955	737	2,027	3,000	973
Printing, stationery, supplies	953	7,702	929	9,584	7,000	(2,584)
Payroll taxes	-	-	1,252	1,252	1,500	248
Water pumpage charge	-	271	-	271	500	229
Truck expense	8,679	2,982	2,767	14,427	18,000	3,573
Utilities	1,227	1,551	1,234	4,012	3,500	(512)
Total operating expenses	<u>302,373</u>	<u>170,310</u>	<u>208,644</u>	<u>681,327</u>	<u>677,082</u>	<u>(4,245)</u>
<b><u>INCOME (LOSS)</u></b>						
<b><u>FROM OPERATIONS</u></b>	<u>67,198</u>	<u>22,903</u>	<u>(35,072)</u>	<u>55,029</u>	<u>33,269</u>	<u>21,761</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>						
Interest revenues	3,639	3,998	195	7,832	7,500	332
Other revenues	-	-	-	-	2,000	(2,000)
Interest expense	-	(18,838)	-	(18,838)	(30,000)	11,162
Operating transfers out	(135,000)	-	-	(135,000)	(135,000)	-
Total non-operating	<u>(131,361)</u>	<u>(14,840)</u>	<u>195</u>	<u>(146,006)</u>	<u>(155,500)</u>	<u>9,494</u>
<b><u>CHANGE IN NET ASSETS</u></b>	<u>\$ (64,163)</u>	<u>\$ 8,063</u>	<u>\$ (34,877)</u>	<u>\$ (90,976)</u>	<u>\$ (122,231)</u>	<u>\$ 31,255</u>

**SUPPLEMENTARY INFORMATION**

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE**  
**SEPTEMBER 30, 2004**

	Bond and Interest Redemption	Reserve	Depreciation and Contingency Fund	Total
Cash balance - October 1, 2003	\$ 56,959	\$ 32,910	\$ 24,027	\$ 113,896
Cash receipts				
Transfers from other accounts	22,080	2,172	1,991	26,243
Interest earned on investments	1,195	-	-	1,195
Interest earned on savings	441	293	217	951
	<u>23,716</u>	<u>2,465</u>	<u>2,208</u>	<u>28,389</u>
Cash disbursements				
Principal payments	10,404	-	-	10,404
Interest payments	11,520	-	-	11,520
Transfers to other accounts	-	-	-	-
	<u>21,924</u>	<u>-</u>	<u>-</u>	<u>21,924</u>
Cash balance - September 30, 2004	<u>\$ 58,751</u>	<u>\$ 35,375</u>	<u>\$ 26,235</u>	<u>\$ 120,361</u>
Investment balance - October 1, 2003	\$ 196,645	\$ -	\$ 131,442	\$ 328,087
Additions (deletions)	<u>-</u>	<u>-</u>	<u>2,169</u>	<u>2,169</u>
Investment balance - September 30, 2004	<u>\$ 196,645</u>	<u>\$ -</u>	<u>\$ 133,611</u>	<u>\$ 330,256</u>
Total cash and investment - September 30, 2004	<u>\$ 255,396</u>	<u>\$ 35,375</u>	<u>\$ 159,846</u>	<u>\$ 450,617</u>

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES**  
**YEAR ENDED SEPTEMBER 30, 2004**

Charles Coleman	\$	8,400
Carneal Woodyear		450
Leon Edwards		1,350
Michael Harrell		1,800
Donald Havard		1,800
Keith Mills		1,800
Henry Rogillio		<u>1,800</u>
	\$	<u><u>17,400</u></u>

**STATISTICAL DATA**

TOWN OF JACKSON, LOUISIANA

INSURANCE-IN-FORCE  
SEPTEMBER 30, 2004

<u>Policy</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Fire and Extended Coverage - Building and Contents	Employers' Mutual	02-01-05	\$ 378,806
Public Official Bond	Dart Insurance Agency	08-30-05	65,000
Automobile Liability	Louisiana Risk Management	02-01-07	500,000
General Liability	Louisiana Risk Management	02-01-07	500,000
Police Professional Liability	Louisiana Risk Management	02-01-07	500,000
Public Officials Errors and Omissions	Louisiana Risk Management	02-01-07	500,000
Worker's Compensation	Louisiana Risk Management	01-01-05	Statutory
Auto Physical Damage	Lexington	02-01-05	160,000
Equipment	Employers Mutual	2-01-05	185,000

**TOWN OF JACKSON, LOUISIANA**  
**PUBLIC UTILITY SYSTEM OPERATIONS**  
**SEPTEMBER 30, 2004**  
**(Without Audit)**

Statistics on System Operations

- (a) As of September 30, 2004, there were 489 and 870 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2004.
- (b) The following rate schedules were in effect during the fiscal year for gas and water:

1. Gas:	Rate per 1,000 <u>Cubic Feet</u>
Minimum charge	\$ 12.00
First 1,000 cubic feet/MCF	15.00 + amount above \$5.00 MCF
Over 1,000 cubic feet/MCF	10.00 + amount above \$5.00 MCF

2. Water:	Rate per <u>1,000 Gallons</u>
First 2,000 gallons or less	\$ 7.50
Next 13,000 gallons/Mgal	2.30
Next 35,000 gallons/Mgal	1.15
Over 50,000 gallons/Mgal	1.00

- (c) Average monthly billing per customer was:

1. Gas	<u>\$ 48.83</u>
2. Water	<u>\$ 16.46</u>

**TOWN OF JACKSON, LOUISIANA**  
**PUBLIC UTILITY SYSTEM OPERATIONS**  
**SEPTEMBER 30, 2004**  
**(Without Audit)**

**Variance Between Gas Purchased and Sold**

<u>Year Ended</u>	<u>Gas Purchased MCF's</u>	<u>Gas Billed MCF's</u>	<u>Leakage Variance MCF's</u>	<u>Percent of Gas Purchased</u>
09/30/04	24,449	24,762	-	-
09/30/03	28,184	26,562	1,622	5.8
09/30/02	26,944	24,219	2,725	10.1
09/30/01	31,101	31,502	-	-
09/30/00	25,608	28,220	-	-
09/30/99	26,573	24,270	2,303	8.67
09/30/98	31,645	31,207	438	1.38
09/30/97	29,716	28,372	1,344	4.52
09/30/96	36,279	32,741	3,538	9.75
09/30/95	28,888	27,400	1,488	5.15
09/30/94	35,550	31,892	3,658	10.29

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2004**

A. Summary of Audit Results:

- (1) The auditors' report expressed an unqualified opinion on the financial statements of the Town of Jackson, Louisiana as of and for the year ended September 30, 2004.
- (2) One reportable condition relating to the audit of the financial statements is reported at section B in this schedule. This condition is considered a material weakness.

B. Findings- Financial Statement Audit:

2004-1 Segregation of duties

*Criteria* - Segregation of duties is an integral part of internal controls; as such, policies and procedures should be in place that provide reasonable assurance that financial transactions are properly recorded.

*Condition* - The segregation of duties is inadequate to provide effective internal control as the performance of accounting procedures is limited to one person.

*Recommendation* - No action is recommended.

*Management's response* - *We concur with the finding and the recommendation. Compensating controls do exist in that the Board of Aldermen reviews all invoices prior to disbursement. Additionally, the Board of Aldermen has decided that it would not be cost effective to increase the size of the administrative staff to achieve effective segregation of duties.*

2004-2 State Budget Law Violation

*Criteria* - La Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

*Condition* - The Special Revenue Fund's actual expenditures exceeded its budget by more than 145.3%.

*Effect* - The Town is in violation of the statute.

*Recommendation* - We recommend that all programs adhere to its adopted budget and monitor compliance. When it becomes apparent that expenditures will exceed the budget by 5% or more, or when revenues will fall short by 5% or more, the budget should be brought before the board for amendment.

*Management's Response* - *This condition was a result of an oversight. The primary expenditures that caused an excess over amounts budgeted were those associated with a street overlay project, which was bid in accordance with state law and approved by the Board in public session.*

**TOWN OF JACKSON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2004**

2004-3 State Bid Law Violation

*Criteria* - LSA-RS 38:2212.1 states "Purchases of materials, supplies and equipment in excess of \$20,000 shall be advertised and let by contract to the lowest bidder who has bid according to the specifications as advertised, and no such purchase shall be made except as provided by this part".

*Condition* - During the year under audit the Town purchased a pick-up truck in the amount of \$25,000.

*Effect* - The Town may be out of compliance with the statute referred to above with regard to this purchase.

*Recommendation* - All purchases in excess of \$ 20,000 should be bid in accordance with the statute referred to above.

*Management's Response* - This condition was caused by an oversight. To increase awareness of the need to comply with the state bid law, a memorandum will be circulated to all department heads.

**TOWN OF JACKSON, LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED SEPTEMBER 30, 2004**

**Internal control structure findings:**

2003- 01            Segregation of duties

*Condition* - due to the size of the Town's accounting staff, the segregation of duties is inadequate to provide effective internal control.

*Current status* - this finding still applies in the current year and is noted in the audit report for the year ended September 30, 2004 (see item 2004-1 in the accompanying schedule of findings and questioned costs).